## Message Text

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**ACTION SS-30** 

INFO OCT-01 ISO-00 SSO-00 /031 W

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FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 4394

SECRETREYKJAVIK 0396

**EXDIS** 

E.O. 11652: GDS

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS: RUMORED PROGRESSIVE PARTY-PEOPLES ALLIANCE AGREEMENT ON GOI NEGOTIATING POSITION

1. USUALLY RELIABLE INFORMANTS HAVE ADVISED US THAT WITHIN THE PAST 2 OR 3 DAYS AN AGREEMENT HAS BEEN REACHED BETWEEN THE PROGRESSIVE PARTY (PP) AND THE PEOPLES ALLIANCE (PA), INCLUDING MAGNUS KJARTANSSON, ON A BASE POSITION AND THAT IT WAS SUBMITTED TO THE OLL FOR CONSIDERATION. A CABINET SESSION WAS SCHEDULED FOR THIS MORNING, AND YESTERDAY THE FONMIN CONFIDENTIALLY ASKED FOR TV TIME FOR THIS AFTERNOON "TO MAKE AN IMPORTANT ANNOUNCEMENT." BOTH WERE CANCELLED TODAY BECAUSE OF "ILLNESS" OF FONMIN.

2. THE PROPOSED GOI POSITION AS REPORTED TO US WOULD UTILIZE ARTICLE FOUR OF 1951 DEFENSE AGREEMENT IN SUCH A MANNER AS TO HAVE THE SAME EFFECT AS RENUNCIATION OF THE DEFENSE AGREEMENT. THIS ROUTE WOULD OBVIATE THE REQUIREMENT OF A TECHNICAL RENUNCIATION AND THUS, IN THE EYES OF THE PP AND PA, PERMIT THE AVOIDANCE OF SUBMITTING THE DEFENSE ISSUE TO THE ALTHING SINCE IN THEIR EYES THE GOVT'S ORIGINAL COMMITMENT WAS TO SUBMIT THE ISSUE ONLY

IN THE EVENT OF RENUNCIATION OR TO SEEK ALTHING APPROVAL OF THE RESULTS OF THE NEGOTIATIONS.

- 3. THE PROPOSAL WAS DESCRIBED TO US AS FOLLOWS:
- (A) FONMIN WOULD ANNOUNCE THAT FURTHER NEGOTIATIONS WITH USG NOT SECRET

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REQUIRED SINCE ARTICLE FOUR GIVES GOI UNILATERAL RIGHT TO ESTABLISH MILITARY PERSONNEL CEILINGS. (B) GOI WILL ADVISE USG THAT IT WILL HAVE TWO YEARS TO REDUCE NUMBERS TO A RESIDUAL FORCE OF 200 TO 300 MEN TO "SERVICE ITS NATO COMMITMENTS." (C)

USG WILL BE ADVISED THAT ALL ASW ACTIVITIES FROM ICELAND MUST CEASE. EXCEPT FOR THIS SPECIFIC, HOW USG REDUCES TO RESIDUAL LEVEL WILL BE LEFT TO USG.

- 4. OFFSETTING THIS BLEAK PROPOSAL IS INFORMATION WE RECEIVED THIS AFTERNOON THAT OLL MINISTERS BJORN JONSSON AND MAGNUS TORFI OLAFSSON AND OLL CHAIRMAN HANNIBAL VALDIMARSSON HAVE DECIDED TO OPPOSE THIS PROPOSAL AND MAY USE THIS AS WEDGE TO TOPPLE OR FORCE PA OUT OF GOVT.
- 5. COMMENT: SITUATION HERE IS NOT CLEAR. WE HOPE TO OBTAIN MORE INFORMATION OVER WEEKEND. IT MUST BE SERIOUS, HOWEVER, SINCE WE HAVE DETECTED MUCH CONCERN ON THE PART OF CERTAIN PROIDF MEMBERS OF FOREIGN MINISTRY THAT SOMETHING "DRASTIC AND BAD IS ABOUT TO HAPPEN." SHOULD FONMIN CLAIM GOI CAN INVOKE ARTICLE FOUR WITHOUT RESUMPTION OF NEGOTIATIONS WITH USG, IT WOULD BE CLEAR BREACH OF PRIME MINISTER'S REPEATED ASSURANCE TO ME THAT NO ADVERSE ACTION WOULD BE TAKEN AGAINST IDF UNTIL AT LEASE AFTER RESUMPTION OF THE NEGOTIATING SESSION THAT WAS ORIGINALLY SET FOR MID-DECEMBER AND WHICH WAS POSTPONED AT THE REQUEST OF ICELAND FOR THE SOLE CONVENIENCE OF ICELAND. SUCH ACTION ON FONMIN'S PART WOULD GIVE US LEGITIMATE CAUSE TO PROTEST
- 6. UNLESS DEPT ADVISES TO CONTRARY AND IF CIRCUMSTANCES WARRANT, I SHALL SEEK APPOINTMENT WITH FONMIN MONDAY TO ADVISE HIM OF "RUMORS" AND TO REITERATE USG UNDERSTANDING AS EXPRESSED ABOVE PARAGRAPH. DEPENDING ON DEVELOPMENTS OVER WEEKEND I MIGHT WANT TO SEEK APPOINTMENT WITH PRIME MINISTER INSTEAD OR IN ADDITION. SHOULD MINISTERS CONFIRM PP-PA PROPOSAL, INCLUDING DISCONTINUANCE OF NEGOTIATIONS, I WOULD INTEND TO POINT OUT THAT OBVIOUS INTERPRETATION OF ARTICLE FOUR CALLS FOR GOOD FAITH OF BOTH PARTIES AND HENCE CONSULTATIONS AND THAT JUST AS IT WAS NEVER INTENDED FOR USG TO OVERWHELM ICELAND WITH MILITARY PERSONNEL, ARTICLE FOUR LIKEWISE WAS NEVER INTENDED FOR ICELAND TO REDUCE THE IDF TO AN ABSURDITY. I WOULD HAVE NO HESITATION IF NECESSARY OF POINTING OUT TO PRIMEMIN HOW SERIOUSLY WE CONSIDER THE BREACH SECRET

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OF HIS PROMISE TO US AND THE NUMBER OF TIMES HE AND OTHERS HAVE ASSURED ME THAT "HIS WORD IS HIS BOND."

- 7. I HAVE REQUESTED COMICEDEFOR TO RESEARCH BACKGROUND OF ARTICLE FOUR AND TIMES WHEN ACTION WAS TAKEN UNDER THIS ARTICLE. PRE-LIMINARY RESULTS INDICATE THAT IN ALL INSTANCES PERSONNEL CEILINGS AND MAJOR MODIFICATIONS IN 1DF WERE NEGOTIATED.
- 8. PRIME MINISTER PRIDES HIMSELF ON NEVER RENEGING ON PERSONAL COMMITMENTS AND THIS WELL-KNOWN IN COUNTRY. THIS FACTOR MAY CAST DOUBT ON VALIDITY OF SOME IF NOT ALL ASPECTS OF THE ALLEGED PP-PA PROPOSAL. ALSO THE ALLEGED OLL POSITION MAY TORPEDO THIS PROPOSAL. PRUDENCE NEVERTHELESS REQUIRES THAT WE BE PREPARED

TO REACT.			
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## Message Attributes

Automatic Decaptioning: Z Capture Date: 27 JUL 1999 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: NEGOTIATIONS, POLITICAL PARTIES, POLITICAL SITUATION, MILITARY PLANS

Control Number: n/a Copy: SINGLE Draft Date: 08 MAR 1974 Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974REVK IA00396

Document Number: 1974REYKJA00396
Document Source: ADS
Document Unique ID: 00

Drafter: n/a Enclosure: n/a

Executive Order: 11652 GDS Errors: n/a Film Number: P740141-1922 From: REYKJAVIK Handling Restrictions: n/a

Image Path:

Legacy Key: link1974/newtext/t19740382/abbrzbkh.tel Line Count: 113 Locator: TEXT ON-LINE, TEXT ON MICROFILM

Office: ACTION SS

**Original Classification: SECRET** Original Handling Restrictions: EXDIS Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators:
Previous Classification: SECRET Previous Handling Restrictions: EXDIS Reference: n/a Review Action: RELEASED, APPROVED Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 20 MAY 2002

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <20 MAY 2002 by boyleja>; APPROVED <27 JAN 2003 by GolinoFR>

**Review Markings:** 

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: IDF RETENTION NEGOTIATIONS: RUMORED PROGRESSIVE PARTY- PEOPLES ALLIANCE

POSITION

TAGS: PFOR, MARR, IC, NATO To: STATE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

AGREEMENT ON GOI NEGOTIATING